



Minnesota  
Agri-Growth Council

# NEWSLETTER

*Getting to the root of the matter.*

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## New Food Safety Law Focuses on Preventing Foodborne Illnesses

Minnesota made significant contributions to the new Food Safety and Modernization Act that was signed into law on January 4 by President Barack Obama. The legislation aims to prevent foodborne illnesses through science-based protocols and gives the Food and Drug Administration (FDA) greater enforcement and recall authority so it can shift its focus from reacting to foodborne illnesses to preventing outbreaks. It is the first major overhaul of the FDA's food safety system since the 1930's and the new standards will better address today's complex, global network of food production, processing and distribution.

Several Minnesota food companies including **Hormel**, **Schwan's** and **Supervalu** were strong supporters and played a critical role in the bill, according to the bill's co-sponsor **Sen. Amy Klobuchar**. "In addition to being the sixth largest agricultural producer in the country, Minnesota is home to some of the world's largest and most successful food processing companies. They have their own safety standards that are among the strictest in the industry," noted Klobuchar who gathered input from businesses, farmers and other stakeholders on food safety measures.

Sen. Klobuchar helped author a provision that will improve the ability of officials to detect and quickly trace outbreaks back to their source. The Centers for Excellence provision is modeled on the successful track record of "Team Diarrhea," a joint initiative by the Minnesota Department of Health, Minnesota Department of Agriculture (MDA) and the **University of Minnesota School of Public Health**. Minnesota has garnered national attention for its success in identifying and tracing the source of several high profile national foodborne illness outbreaks including *Salmonella* in peanut butter and jalapeño peppers.

"We spent a lot of time and energy working on the surveillance provision of this legislation," says **Mike Erlandson**, vice president government affairs, Supervalu Inc. "When there is a foodborne illness outbreak it is critically important that you properly identify the source and cause of illness and address

it quickly. We know Minnesota's multidisciplinary investigative approach works. The goal is to replicate that in other regions and get information posted to a national database so health professionals can quickly see that the same strain of *Salmonella* is occurring in Los Angeles, Davenport and Minneapolis."

### Key Provisions of the Food Safety Act

- **Mandatory recalls.** The FDA is granted the power to impose mandatory food recalls.
- **Increased inspections.** Both foreign and domestic facilities would be inspected more frequently. Higher-risk facilities would have the most frequent inspections. High-risk facilities will be inspected once every three years and non-high risk facilities will be inspected once every seven years.
- **HACCP plans.** Food facilities will need to develop and implement written HACCP (Hazard Analysis and Critical Control Point) plans. Facilities will need to undertake food safety hazard analyses, put in place preventative measures at critical control points, monitor the effectiveness of those measures and update plans as necessary to substantially lessen or eliminate food safety problems.
- **Imported foods.** Imported foods will need to meet U.S. food safety standards.
- **Regulations for high-risk commodities.** FDA, in coordination with USDA, will develop rules governing certain aspects of the growing, harvesting, sorting, packing and storage of high-risk raw ag commodities.
- **Improved disease surveillance and tracking.** The FDA will coordinate with state and local agencies to develop coordinated centers of excellence modeled after Minnesota's system to more quickly identify disease cases and clusters.
- **Traceability.** Pilot programs will seek to enhance the traceability of both raw agricultural commodities and processed foods. The bill requires more trace forward and trace backward record keeping of food products bought and sold by high-risk firms. FDA is granted access to the records in

cases of foodborne illness.

- **Exclusion for small businesses.** The Tester-Hagen amendment exempts food processors and small farms that have less than \$500,000 a year in sales and sell their products in state or within 275 miles of where the food was produced. These small businesses would continue to be regulated by state and local authorities.



### Benefits of HACCP implementation

Many agree that the greatest strength of the new legislation is the requirement that food companies develop and implement hazard analysis and critical control point (HACCP) protocols.

Many Minnesota food companies can attest to the benefits of implementing HACCP plans. The Schwan Food Company's subsidiaries have had HACCP plans in place for years. "We absolutely saw improvements when we implemented HACCP and because of those benefits we made HACCP an expectation for our suppliers and partners," says **Jeff Varcoe**, vice president of food safety and quality, Schwan's Shared Services, LLC. "Companies will have to have HACCP plans and that leads to better understanding of the supply chain and risks inherent to the supply chain."

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# Member In Focus

**Company:** Saint Paul Port Authority

**Website:** [www.sppa.com](http://www.sppa.com)

**Location:** Saint Paul, MN

The Saint Paul Port Authority is a 78 year old economic development organization. The Port Authority exists to improve people's lives by building vibrant economic communities. Its core values are to be fiscally sound, socially responsible, collaborative, risk taking, innovative, and focused on integrity.

**Q & A with Lorrie Louder,  
Director of Business & Intergovernmental Affairs:**

**How is your organization funded?**

The Port Authority receives fees for its lending and real estate activities, it has a small tax levy capacity for undertaking capital improvements, and it earns interest income on invested funds.

**What is new with the Saint Paul Port Authority?**

The Port Authority recently acquired the abandoned 3M industrial campus on Saint Paul's Eastside. The Port Authority is redeveloping this 46-acre site, now known as Beacon Bluff, and it expects to generate over 1,000 permanent jobs and 1,500 construction jobs; in addition, this activity will have a significant positive statewide economic impact. One-time construction spending is expected to boost Minnesota's economy by about \$92 million; the total employment impact is expected to provide over 400 spin-off permanent jobs statewide; and when fully developed this project is expected to increase Minnesota's Gross State Product by \$131 million every year.

**What are key trends affecting your industry?**

The Port Authority focuses primarily on the industrial sector. Our customers are increasingly moving forward into high-tech operations. This includes manufacturers who are providing value-added products, as well as research and development corporations that have been substantially involved in the medical device and bio-tech industries.

The finances for infrastructure improvements in our Harbor and our Brownfield land-based areas have been diminishing. This has created a significant issue for this Port Authority and other economic development agencies, as we all attempt to provide meaningful economic development services for our business customers, who are growing and adding jobs.

**What are your legislative priorities?**

The Port Authority's legislative priorities include infrastructure funding as part of its membership in the Minnesota Ports Association (Saint Paul, Duluth, Red Wing, & Winona). The request during this 2011 Session is for \$10 million for infrastructure reconstruction, to generate business growth and job creation in our harbors, and to keep commercial navigation at peak capacity.



The Port Authority, with the support of several economic development partners, will also be proposing a new state New Markets Tax Credits program (NMTC). This program will be mirrored after the federal program. Investors will be provided tax credits in return for providing loan funds for growing businesses in lower income areas of the state. For example, the Saint Paul Port Authority recently completed two financings from a federal tax credit allocation; Baldinger Bakery's new, expanded commercial bakery and HealthEast Corporation's new EMT Training Center & Ambulance Facility have recently been constructed, and the NMTC loans from the Port Authority enabled these projects to go forward and create over 200 jobs along the Phalen Corridor on the Eastside of Saint Paul.

The Port Authority is also seeking infrastructure funding for Beacon Bluff. There are over 100-year-old lead pipes in the center section of the redevelopment area that must be replaced, and certain other public improvements on the streets and surrounding areas must also be developed by the Port Authority.



The Minnesota Agri-Growth Council is an advocate for the state's food and agriculture industry. Founded in 1968, the Council is a nonprofit, nonpartisan organization that represents the shared interests of its 200-plus members, which include food and agriculture businesses, organizations and producers, as well as the service industries that support them.

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**Joe Swedberg**, vice president Hormel Foods Corp. agrees, “We’ve come so far with food safety from 10-15 years ago. Before, we couldn’t detect the cause of outbreaks; now we can trace back and know where to have interventions to correct food safety issues. This legislation helps ensure that everyone from small to large food companies have HACCP programs in place and that is very important.”

**Benjamin Miller**, rapid response section manager for MDA notes that HACCP was implemented 15 years ago in the meat industry and had a very positive impact. “Requiring HACCP controls within a broader section of food manufacturing, warehousing and distribution will improve our ability to prevent food safety problems,” he says. He notes that the Extension Service may help smaller businesses and farms create HACCP plans.

#### Improved Traceability

“If the traceability program is well designed it will give the regulatory community a much better lens to view information through, allowing for more expeditious identification and recall of tainted products,” says Miller. He notes that recalls were still being issued nine months after a Georgia peanut butter plant was identified as the source of a Salmonella outbreak. Inadequate recordkeeping made it difficult to determine the hundreds of different products made from the contaminated peanut paste. In another outbreak, tomatoes were mistakenly identified as the culprit and \$250 million of tomatoes were destroyed

before Minnesota investigators correctly identified the contaminated product as jalapeño and serrano peppers.

“In the past, we’ve had to cast a wide net to find the source because the level of specificity is not great enough,” says Miller. That means an entire industry suffers huge losses as consumers lose confidence in a product. Improved traceability means the source of contamination can be identified as well as any products made from the tainted ingredient.

“As an organization we believe that anything that increases consumer confidence in fruits and veggies is a plus. The industry has a tremendous safety record already compared to millions of portions of fruits and vegetables consumed each year,” says **Ralph Yates**, secretary of the Minnesota Apple Growers Association. He notes that the state’s apple growers participate in the National Good Agricultural Practices (GAPs) Program. Its goal is to reduce microbial risks in fruits and vegetables through a comprehensive extension and education program for growers and packers.

#### Exemption for Small Growers

The bill’s main critics have been the small farms and local and organic food outfits, worried they don’t have the profit margins to comply with new regulatory burdens. **Jack Gerten**, manager of the St. Paul Farmers Market is glad an amendment was added to the final bill to exempt small growers that sell locally. “We were against the Food Safety

Act because we felt it would put many small family farmers out of business. We finally get farmer markets organized and then we put this tremendous recordkeeping burden on small growers. It doesn’t make sense to promote buying local and then pass a law that discourages people from producing local food,” says Gerten.

#### Funding Challenges

The Act is signed, but now it faces funding challenges. The Congressional Budget Office estimated the food safety law will cost \$1.4 billion in its first five years, including the cost of hiring an estimated 2,000 food inspectors. This will require new appropriations, which don’t have much support in a Republican-controlled House.

Pushing for funding, **Erik Olson**, director of food and consumer safety programs at the Pew Health Group, said the health care costs associated with an outbreak of foodborne illness alone run into the tens of billions of dollars. In a study released last year by the Produce Safety Project at Georgetown University, **Robert L. Scharff**, a former economist at the FDA, estimated that foodborne illnesses cost the country \$152 billion/year in medical costs, lost productivity and other expenses. That figure does not include costs to the food industry when a product is recalled.

The new law will affect about 80 percent of the food supply that is regulated by the FDA. It will not affect meat, poultry and some egg products, which are overseen by the Agriculture Department.

## RSVP for the Upcoming Policy Luncheons and Legislative Reception

### 2011 Agri-Growth Policy Luncheon Series:

During the Minnesota Legislative Session, Agri-Growth hosts policy luncheons to discuss timely issues, network with agriculture contacts, and get to know legislators, members of Congress, and special guests. The 2011 schedule is **January 26: Rep. Rod Hamilton and Sen. Doug Magnus, February 16: Minnesota Agriculture Commissioner David Frederickson, March 2: Minnesota House Speaker Kurt Zellers, April 6: “Freshman” Legislator Panel, and May 4: MPCA Commissioner**. Luncheons will be held at the Best Western Kelly Inn, with registration at 11:30 a.m and a buffet lunch at noon. Cost per luncheon is \$25 for members and \$30 for non-members.

### Legislative Reception:

Agri-Growth members are invited to join us in hosting legislators, congressional staff and other VIPs who help promote Minnesota’s food and agriculture industry. The reception is complimentary for all members and offers hors d’oeuvres and refreshments. Join us on **February 2, 5:00 p.m. - 7:30 p.m. at 317 on Rice Park in downtown St. Paul, Minnesota**.

Learn more at [agrigrowth.org/events](http://agrigrowth.org/events). RSVPs for all events are required, please reply to [info@agrigrowth.org](mailto:info@agrigrowth.org) or 651.905.8900.

### BOARD OF DIRECTORS:

#### Executive Board

**Chair:** Joe Swedberg, Hormel Foods Corporation

**Vice-chair:** Kristin Weeks Duncanson, Duncanson Growers

**Secretary:** Jim Bareksten, CHS, Inc.

**Treasurer:** Michael Zumwinkle, Cargill

**Immediate Past Chair:** Paul DeBriyn, AgStar Financial Services

#### Directors

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Meg Freking, New Fashion Pork

Tim Gerlach, Minnesota Corn Growers Assoc.

Roger Gilland, Gilland Feedlots

Michael Helgeson, Gold’n Plump Poultry

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Steven Krikava, Land O’Lakes, Inc.

Jerry Larson, Larson Farms

Dr. Allen Levine, University of Minnesota

Pat Lunemann, Twin Eagle Dairy &

Minnesota Milk Producers Association

Ron Offutt, R.D. Offutt Company

Adolph Ojard, Duluth Seaway Port Authority

Bill Reilly, Schwan Food Company

Tom Rosen, Rosen’s Diversified

Nick Sinner, Red River Sugarbeet

Growers Association

Dr. Michael Swanson, Wells Fargo Bank

Jim Winter, ECOLAB

## CALENDAR OF EVENTS

- January** – 26: Policy Luncheon  
28: Board of Directors Meeting
- February** – 2: Legislative Reception  
16: Policy Luncheon
- March** – 2: Policy Luncheon
- April** – 6: Policy Luncheon  
15: Board of Directors Meeting
- May** – 4: Policy Luncheon
- November** – 16: Annual Meeting

## New Ag Leaders Named in House and Senate

January 4, 2011 marked the beginning of the 87th session of the Minnesota legislature and new House and Senate Republican leadership means new committee chairs.

In the House, **Rep. Rod Hamilton** takes over as chair of the Ag & Rural Development Policy and Finance Committee. Rep. Hamilton is a pork producer from Mountain Lake who is serving his fourth term in the Minnesota House. Hamilton also serves on the Health and Human Services Finance, Rules and Legislative Administration and Ways and Means committees. He also serves at the House Majority Whip, the third most powerful leadership position within the Republican Caucus.

**Sen. Doug Magnus**, a crop farmer from Slayton, is the chair of the Senate Agriculture and Rural Economies Committee. This is his first term in the Senate, but he has served four terms in the Minnesota House. Sen. Magnus also serves on the Capital Investment, Energy, Utilities and Telecommunications and Finance committees.

Rep. Hamilton and Sen. Magnus are both seasoned legislators and producers who bring a wealth of knowledge and experience about agricultural issues in our state,” says **Cory Bennett**, Agri-Growth lobbyist. “The fact that they have worked together for years on ag issues will benefit Minnesota’s farming and agribusiness community.”

The number one challenge for both chairmen will be deciding how to reduce the state’s \$6.32 billion deficit, whether that be through increased fees or program cuts. “The Agri-Growth Council has a very good relationship with both chairmen. They have been strong advocates for agriculture. We look forward to working with them and making this as successful of a legislative session as we can,” Bennett said.



Representative Rod Hamilton,  
Ag & Rural Development Policy  
and Finance Committee Chair.



Senator Doug Magnus,  
Senate Agriculture and Rural  
Economies Committee Chair.

## 2011: HAPPY NEW YEAR!

*Thank you for your membership and support during the last year. We’ve worked hard on your behalf and on behalf of the Minnesota food and agriculture industry. We are proud of the food and agriculture industry and the strength we bring through working together to support the future of our industry. The Agri-Growth Council wishes you a very happy and prosperous 2011!*